

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA

In re: USA Commercial Mortgage Company

Case No.

06-10725-LBR

CHAPTER 11  
MONTHLY OPERATING REPORT  
(GENERAL BUSINESS CASE)

## SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 09/30/09PETITION DATE: 04/13/06

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).  
Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of April 13, 2006</u>
2. Asset and Liability Structure	<u>\$1,017,914</u>	<u>\$1,039,842</u>	
a. Current Assets	<u>\$1,017,914</u>	<u>\$1,039,842</u>	<u>\$122,468,825</u>
b. Total Assets	<u>\$663</u>	<u>\$25,422</u>	
c. Current Liabilities	<u>\$53,583</u>	<u>\$78,342</u>	<u>\$61,634,630</u>
d. Total Liabilities			<b>Cumulative (Case to Date)</b>
3. Statement of Cash Receipts & Disbursements for Month	<u><b>Current Month</b></u>	<u><b>Prior Month</b></u>	<u><b>(Case to Date)</b></u>
a. Total Receipts	<u>\$81</u>	<u>\$85</u>	<u>\$40,575,079</u>
b. Total Disbursements	<u>\$22,009</u>	<u>\$2,450</u>	<u>\$40,133,397</u>
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	<u>(\$21,928)</u>	<u>(\$2,365)</u>	<u>\$441,682</u>
d. Cash Balance Beginning of Month	<u>\$1,039,842</u>	<u>\$1,042,207</u>	<u>\$576,231</u>
e. Cash Balance End of Month (c + d)	<u>\$1,017,914</u>	<u>\$1,039,842</u>	<u>\$1,017,914</u>
	<u><b>Current Month</b></u>	<u><b>Prior Month</b></u>	<u><b>Cumulative (Case to Date)</b></u>
4. Profit/(Loss) from the Statement of Operations	<u>\$2,831</u>	<u>(\$26,999)</u>	<u>(\$38,043,562)</u>
5. Account Receivables (Pre and Post Petition)	<u>\$0</u>	<u>\$0</u>	
6. Post-Petition Liabilities	<u>\$663</u>	<u>\$25,422</u>	
7. Past Due Post-Petition Account Payables (over 30 days)	<u>\$0</u>	<u>\$0</u>	

## At the end of this reporting month:

8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)

9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)

10. If the answer is yes to 8 or 9, were all such payments approved by the court?

11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)

12. Is the estate insured for replacement cost of assets and for general liability?

13. Are a plan and disclosure statement on file?

14. Was there any post-petition borrowing during this reporting period?

15. Check if paid: Post-petition taxes X ; U.S. Trustee Quarterly Fees X ; Check if filing is current for: Post-petition tax reporting and tax returns: X .  
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.


Date: 10/15/2009 0:00

Responsible Individual

## STATEMENT OF OPERATIONS

## (General Business Case)

For the Month Ended 09/30/09

Current Month			Cumulative (Case to Date)	Next Month Forecast
Actual	Forecast	Variance		
<b>Revenues:</b>				
1	Gross Sales	\$0	\$21,102,796	
2	less: Sales Returns & Allowances			
3	Net Sales	\$0	\$21,102,796	\$0
4	less: Cost of Goods Sold	(Schedule 'B')		
5	Gross Profit	\$0	\$21,102,796	\$0
6	Interest		\$368,684	
7	Other Income:		\$8,044	
8	Intercompany allocations		\$334,467	
9	Gain on Sale of Assets	\$0	\$1,609,428	
10	<b>Total Revenues</b>	\$81	\$23,423,419	\$0
<b>Expenses:</b>				
11	Compensation to Owner(s)/Officer(s)	\$0		
12	Salaries	\$0	\$1,774,342	
13	Commissions	\$0	\$140,833	
14	Contract Labor	\$0		
Rent/Lease:				
15	Personal Property	\$0	\$8,861	
16	Real Property	\$0	\$543,557	
17	Insurance	\$0	\$71,737	
18	Management Fees	\$0		
19	Depreciation	\$0	\$176,590	
Taxes:				
20	Employer Payroll Taxes	\$0	\$98,105	
21	Real Property Taxes	\$0		
22	Other Taxes	\$0	\$59,452	
23	Other Selling	\$0	\$51,187	
24	Other Administrative	\$0	\$1,096,710	
25	Interest	\$0	\$4,556	
26	Other Expenses:	\$0	\$37,304,902	
27	Loss on Transfer to Trustee	\$2,750		
28		\$0		
29		\$0		
30		\$0		
31		\$0		
32		\$0		
33		\$0		
34		\$0		
35	<b>Total Expenses</b>	\$2,750	\$41,330,832	\$0
36	<b>Subtotal</b>	\$2,831	(\$17,907,413)	\$0
<b>Reorganization Items:</b>				
37	Professional Fees	\$0	(\$20,067,147)	
38	Provisions for Rejected Executory Contracts	\$0		
39	Interest Earned on Accumulated Cash from Resulting Chp 11 Case	\$0		
40	Gain or (Loss) from Sale of Equipment	\$0		
41	U.S. Trustee Quarterly Fees	\$0	(\$69,002)	
42		\$0		
43	<b>Total Reorganization Items</b>	\$0	(\$20,136,149)	\$0
44	<b>Net Profit (Loss) Before Federal &amp; State Taxes</b>	\$2,831	(\$38,043,562)	\$0
45	Federal & State Income Taxes	\$0		
46	<b>Net Profit (Loss)</b>	\$2,831	(\$38,043,562)	\$0

Attach an Explanation of Variance to Statement of Operations (For variances greater than +/- 10% only):

**BALANCE SHEET**  
**(General Business Case)**  
**For the Month Ended 09/30/09**

**Assets**

		<u>From Schedules</u>	<u>Market Value<sup>1</sup></u>
<b>Current Assets</b>			
1	Cash and cash equivalents - unrestricted		<u>\$1,017,914</u>
2	Cash and cash equivalents - restricted		
3	Accounts receivable (net)	A	
4	Inventory	B	
5	Prepaid expenses		
6	Professional retainers		
7	Other: _____		
8			
9	<b>Total Current Assets</b>		<u>\$1,017,914</u>
<b>Property and Equipment (Market Value)</b>			
10	Real property	C	
11	Machinery and equipment	D	
12	Furniture and fixtures	D	
13	Office equipment	D	
14	Leasehold improvements	D	
15	Vehicles	D	
16	Other: _____	D	
17		D	
18		D	
19		D	
20		D	
21	<b>Total Property and Equipment</b>		<u>\$0</u>
<b>Other Assets</b>			
22	Loans to shareholders		
23	Loans to affiliates		
24			
25			
26			
27			
28	<b>Total Other Assets</b>		<u>\$0</u>
29	<b>Total Assets</b>		<u>\$1,017,914</u>

**NOTE:**

Indicate the method used to estimate the market value of assets (e.g., appraisals; familiarity with comparable market prices, etc.) and the date the value was determined.

1 - The method used to estimate the market value of assets was net book value at the end of the current reporting period as market value has not been determined.

**Liabilities and Equity**  
(General Business Case)

**Liabilities From Schedules**

**Post-Petition**

**Current Liabilities**

30	Salaries and wages	
31	Payroll taxes	
32	Real and personal property taxes	
33	Income taxes	
34	Sales taxes	
35	Notes payable (short term)	
36	Accounts payable (trade)	A
37	Real property lease arrearage	
38	Personal property lease arrearage	
39	Accrued professional fees	
40	Current portion of long-term post-petition debt (due within 12 months)	
41	Other: _____	
42		
43		
44	<b>Total Current Liabilities</b>	\$663

**Long-Term Post-Petition Debt, Net of Current Portion**

45	<b>Total Post-Petition Liabilities</b>	\$663
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**Pre-Petition Liabilities (allowed amount)<sup>1</sup>**

47	Secured claims <sup>1</sup>	F	\$0
48	Priority unsecured claims <sup>1</sup>	F	\$52,920
49	General unsecured claims <sup>1</sup>	F	
50	<b>Total Pre-Petition Liabilities</b>		\$52,920
51	<b>Total Liabilities</b>		\$53,583

**Equity (Deficit)**

52	Retained Earnings/(Deficit) at time of filing		\$38,932,893
53	Capital Stock		\$75,000
54	Additional paid-in capital		
55	Cumulative profit/(loss) since filing of case		(\$38,043,562)
56	Post-petition contributions/((distributions) or (draws)		
57			
58	Market value adjustment		
59	<b>Total Equity (Deficit)</b>		\$964,331
60	<b>Total Liabilities and Equity (Deficit)</b>		\$1,017,914

**NOTE:**

1 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court. The pre-petition liabilities' amounts above reflect the claimed amounts filed on Schedules.

## **SCHEDULES TO THE BALANCE SHEET** (General Business Case)

## **Schedule A**

### **Accounts Receivable and (Net) Payable**

<b>Receivables and Payables Agings</b>	<b>Accounts Receivable</b> <u>[Pre and Post Petition]</u>	<b>Accounts Payable</b> <u>[Post Petition]</u>	<b>Past Due</b> <u>Post Petition Debt</u>
0 -30 Days		\$663	
31-60 Days		\$0	
61-90 Days		\$0	
91+ Days		\$0	
Total accounts receivable/payable	\$0	<u>\$663</u>	
Allowance for doubtful accounts			
Accounts receivable (net)		\$0	

## Schedule B Inventory/Cost of Goods Sold

<u>Types and Amount of Inventory(ies)</u>	<u>Inventory(ies)</u> <u>Balance at</u> <u>End of Month</u>	<u>Cost of Goods Sold</u>
Retail/Restaurants - Product for resale	_____	<b>Inventory Beginning of Month</b> Add - Net purchase _____ Direct labor _____ Manufacturing overhead _____ Freight in _____ Other: _____ _____
Distribution - Products for resale	_____	Less - Inventory End of Month _____ Shrinkage _____ Personal Use _____
Manufacturer - Raw Materials Work-in-progress Finished goods	_____ _____ _____	Cost of Goods Sold
Other - Explain	_____	\$0
<b>TOTAL</b>	<b>_____</b>	<b>\$0</b>

## Method of Inventory Control

Do you have a functioning perpetual inventory system?

How often do you take a complete physical inventory?

## Weekly \_\_\_\_\_

## Monthly

## Quarterly

Semi-annually

Annually

Date of last physical inventory was

Date of next physical inventory is

## Inventory Valuation Methods

Indicate by a checkmark method of inventory used.

## Valuation methods –

FIFO cost

LIFO cost

### Lower of cost or market

### Retail method

### Other

## Explain

**Schedule C**  
**Real Property**

Description	<u>Cost</u>	<u>Market Value</u>
Total	<u>\$0</u>	<u>\$0</u>

**Schedule D**  
**Other Depreciable Assets**

Description	<u>Cost</u>	<u>Market Value</u>
Machinery & Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Furniture & Fixtures -		
Total	<u>\$0</u>	<u>\$0</u>
Office Equipment -		
Total	<u>\$0</u>	<u>\$0</u>
Leasehold Improvements -		
Total	<u>\$0</u>	<u>\$0</u>
Vehicles -		
Total	<u>\$0</u>	<u>\$0</u>

**Schedule E**  
**Aging of Post-Petition Taxes**  
**(As of End of the Current Reporting Period)**

<b>Taxes Payable</b>	<u>0-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91+ Days</u>	<u>Total</u>
<b>Federal</b>					
Income Tax Withholding					\$0
FICA - Employee					\$0
FICA - Employer					\$0
Unemployment (FUTA)					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total Federal Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>State and Local</b>					
Income Tax Withholding					\$0
Unemployment (UT)					\$0
Disability Insurance (DI)					\$0
Empl. Training Tax (ETT)					\$0
Sales					\$0
Excise					\$0
Real property					\$0
Personal property					\$0
Income					\$0
Other (Attach List)					\$0
<b>Total State &amp; Local Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Taxes</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Schedule F**  
**Pre-Petition Liabilities**

**List Total Claims For Each Classification -**

	<u>Claimed<sup>1</sup> Amount</u>	<u>Allowed<sup>2</sup> Amount (b)</u>
Secured claims (a)		
Priority claims other than taxes	\$48,580	
Priority tax claims	\$4,340	
General unsecured claims		

- (a) List total amount of claims even it under secured.
- (b) Estimated amount of claim to be allowed after compromise or litigation. As an example, you are a defendant in a lawsuit alleging damage of \$10,000,000 and a proof of claim is filed in that amount. You believe that you can settle the case for a claim of \$3,000,000. For Schedule F reporting purposes you should list \$10,000,000 as the Claimed Amount and \$3,000,000 as the Allowed Amount.

**Schedule G**  
**Rental Income Information**  
**Not applicable to General Business Cases**

**Schedule H**  
**Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>	<u>Account 4</u>	<u>Account 5</u>
Bank	Bank of America	Bank of America			
Account Type	Analyzed Checking	Money Market			
Account No.	3755532383	3755547789			
Account Purpose	General	Money Market			
Balance, End of Month	\$44,897	\$973,017			
Total Funds on Hand for all Accounts	<b>\$1,017,914</b>				

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

**NOTES:**

- 1 - Claimed Amounts reflects amounts filed on schedules and is subject to change as proof of claims are filed and further pre-petition invoices are identified.
- 2 - Allowed Amounts have not yet been determined and are contingent upon approval from the Bankruptcy Court.

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS****Increase/(Decrease) in Cash and Cash Equivalents****For the Month Ended 09/30/09**

		<u>Actual</u>	<u>Cumulative</u>
		<u>Current Month</u>	<u>(Case to Date)</u>
<b>Cash Receipts</b>			
1	Rent/Leases Collected		
2	Cash Received from Sales		\$7,861,555
3	Interest Received	\$81	\$558,281
4	Borrowings		
5	Funds from Shareholders, Partners, or Other Insiders		\$5,000
6	Capital Contributions		
7	Management Fees from USA Capital Realty Advisors, LLC		\$1,564,093
8	Tax, Security Deposit, and Other Refunds		\$8,929
9	Principal Received on Notes Receivable		\$82,832
10	Escrow Deposit/Sale Proceeds/Effective Date Transfer		\$30,494,389
11			\$0
12	<b>Total Cash Receipts</b>	<u>\$81</u>	<u>\$40,575,079</u>
<b>Cash Disbursements</b>			
13	Payments for Inventory		
14	Selling		\$2,619
15	Administrative	(\$2,575)	\$1,002,723
16	Capital Expenditures		
17	Principal Payments on Debt		\$150,645
18	Interest Paid		\$4,888
19	Rent/Lease:		
20	Personal Property		\$9,963
21	Real Property		\$569,426
22	Amount Paid to Owner(s)/Officer(s)		
23	Salaries		
24	Draws		
25	Commissions/Royalties		
26	Expense Reimbursements		
27	Other		
28	Salaries/Commissions (less employee withholding)		\$1,740,393
29	Management Fees		
30	Taxes:		
31	Employee Withholding		\$213,091
32	Employer Payroll Taxes		\$94,063
33	Real Property Taxes		
34	Other Taxes		\$78,889
35	Other Cash Outflows:		
36	Professional Fees Paid in Connection with Chapter 11 Case	\$24,584	\$19,457,214
37	U.S. Trustee Quarterly Fees		\$68,750
38	Escrow Deposit/Interpleader Settlement/Transfer to Trustee		\$9,709,591
39	DTDF & PBGC Settlement		\$7,031,142
40	<b>Total Cash Disbursements:</b>	<u>\$22,009</u>	<u>\$40,133,397</u>
41	<b>Net Increase (Decrease) in Cash</b>	<u>(\$21,928)</u>	<u>\$441,682</u>
42	<b>Cash Balance, Beginning of Period</b>	<u>\$1,039,842</u>	<u>\$576,231</u>
43	<b>Cash Balance, End of Period</b>	<u>\$1,017,914</u>	<u>\$1,017,914</u>

**STATEMENT OF CASH FLOWS**

(Optional) Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 09/30/09

		<u>Actual</u> <u>Current Month</u>	<u>Cumulative</u> <u>(Case to Date)</u>
	<b>Cash Flows From Operating Activities</b>		
1	Cash Received from Sales		\$7,861,555
2	Rent/Leases Collected		
3	Interest Received	\$81	\$558,281
4	Cash Paid to Suppliers		
5	Cash Paid for Selling Expenses		\$2,619
6	Cash Paid for Administrative Expenses	(\$2,575)	\$1,002,723
	Cash Paid for Rents/Leases:		
7	Personal Property		\$9,963
8	Real Property		\$569,426
9	Cash Paid for Interest		\$4,888
10	Cash Paid for Net Payroll and Benefits		\$1,740,393
	Cash Paid to Owner(s)/Officer(s):		
11	Salaries		
12	Draws		
13	Commissions/Royalties		
14	Expense Reimbursements		
15	Other		
	Cash Paid for Taxes Paid/Deposited to Tax Acct.		
16	Employer Payroll Tax		\$94,063
17	Employee Withholdings		\$213,091
18	Real Property Taxes		
19	Other Taxes		\$78,889
20	Cash Paid for General Expenses		
21	Management Fees from USA Capital Realty Advisors, LLC		(\$1,564,093)
22	Tax, Security Deposit, and Other Refunds		(\$8,929)
23	Principal Received on Notes Receivable		(\$82,832)
24			\$0
25			
26			
27	<b>Net Cash Provided (Used) by Operating Activities before Reorganization Items</b>	<b>\$2,656</b>	<b>\$6,359,635</b>
	<b>Cash Flows From Reorganization Items</b>		
28	Interest Received on Cash Accumulated Due to Chp 11 Case		
29	Professional Fees Paid for Services in Connection with Chp 11 Case	\$24,584	\$19,457,214
30	U.S. Trustee Quarterly Fees		\$68,750
31	Escrow Deposit & Settlement/Sale Proceeds/Effective Date Transfer/Settlements		(\$13,753,656)
32	<b>Net Cash Provided (Used) by Reorganization Items</b>	<b>(\$24,584)</b>	<b>(\$5,772,308)</b>
33	<b>Net Cash Provided (Used) for Operating Activities and Reorganization Items</b>	<b>(\$21,928)</b>	<b>\$587,327</b>
	<b>Cash Flows From Investing Activities</b>		
34	Capital Expenditures		
35	Proceeds from Sales of Capital Goods due to Chp 11 Case		
36			
37	<b>Net Cash Provided (Used) by Investing Activities</b>	<b>\$0</b>	<b>\$0</b>
	<b>Cash Flows From Financing Activities</b>		
38	Net Borrowings (Except Insiders)		
39	Net Borrowings from Shareholders, Partners, or Other Insiders		\$5,000
40	Capital Contributions		
41	Principal Payments		\$150,645
42			
43	<b>Net Cash Provided (Used) by Financing Activities</b>	<b>\$0</b>	<b>(\$145,645)</b>
44	<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(\$21,928)</b>	<b>\$441,682</b>
45	<b>Cash and Cash Equivalents at Beginning of Month</b>	<b>\$1,039,842</b>	<b>\$576,231</b>
46	<b>Cash and Cash Equivalents at End of Month</b>	<b>\$1,017,914</b>	<b>\$1,017,914</b>

**USA Commercial Mortgage Company**  
**Question 9 - Payments to Professionals**  
**September 1, 2009 - September 30, 2009**

	<b>Total Paid During Month</b>
Dorsey & Whitney LLP	\$ 24,584.27
<b>Total Fees &amp; Expenses</b>	<b><u>\$ 24,584.27</u></b>